

COASTAL CONSERVANCY

Staff Recommendation

May 18, 2005

SAN GREGORIO FARMS ACQUISITION – REIMBURSABLE GRANT

File No. 05-002

Project Manager: Marina Cazorla

RECOMMENDED ACTION: Authorize disbursement to the Peninsula Open Space Trust (POST) of up to \$2,225,000 (\$2,000,000 reimbursable) towards its acquisition of the San Gregorio Farms property.

LOCATION: Near the community of San Gregorio in unincorporated San Mateo County, approximately 25 miles south of the City of San Francisco

PROGRAM CATEGORY: Site Reservation

EXHIBITS

Exhibit 1: Regional location map

Exhibit 2: Property Map

Exhibit 3: September 2001 Staff Recommendation

Exhibit 4: Letters of support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 et seq. of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of an additional amount not to exceed two million two hundred twenty five thousand dollars (\$2,225,000) to the Peninsula Open Space Trust (POST) towards its acquisition of the San Gregorio Farms property (San Mateo County Assessor Parcel Numbers 081-013-030, 081-021-020, -030, -040, -060 and 081-230-030) located in San Mateo County, shown on Exhibits 1 and 2 to this staff recommendation. POST shall repay \$2,000,000, without interest, to the Conservancy by June 30, 2008.

1. Prior to the disbursement of Conservancy funds, and in accordance with Public Resources Code Section 31116(b), POST shall permanently dedicate the property for the preservation of open space, natural resource protection, and public access, through an instrument or

instruments acceptable to the Executive Officer of the Conservancy (“the Executive Officer”).

2. Notwithstanding the preceding condition or the Conservancy’s authorization of September 25, 2001, the instrument dedicating the property shall allow POST to sell the fee interest in the currently improved portions of the property for residential uses (or other uses approved by the Executive Officer) if the California Department of Parks and Recreation or another public entity does not acquire the property from POST for value by June 30, 2008. The sale(s) may be conditioned on a conservation easement or other instrument limiting property uses, as deemed appropriate by the Executive Officer. POST shall not be responsible for continued operation and maintenance of areas of the property conveyed to other entities or persons in fee.

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with Division 21 of the Public Resources Code, specifically Chapter 8 (Sections 31350-31356) regarding reservation of significant coastal resource areas.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The Peninsula Open Space Trust is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code."

PROJECT SUMMARY: The proposed project consists of an augmentation (\$2,225,000) to a grant authorized in September 2001 to the Peninsula Open Space Trust (POST) towards its acquisition of the 267-acre San Gregorio Farms property located near the community of San Gregorio in unincorporated San Mateo County (Exhibit 1). Two million dollars of this amount would be repaid to the Coastal Conservancy by June 30, 2008. The acquisition protects public access and prime coastal, riparian, and scenic resources.

The Coastal Conservancy approved a \$1.5 million grant to POST in 2001 to partially reimburse POST for its \$3.95 million investment in the property. The Coastal Conservancy and POST both envisioned that the property would be held and managed by POST until a transfer to an appropriate public entity could be arranged. It was thought that given the property’s location between two state park units, San Gregorio State Park and Pomponio State Park (see Exhibit 2), that the California Department of Parks and Recreation (DPR) would be the eventual owner. DPR also expressed interest in acquiring the property, which would fill in a “missing piece” in DPR’s holdings in the project area. The creation of a single, contiguous state park unit would

enable more integrated management of the natural resources found in the area, and would greatly increase the opportunities for public access to the state parks.

However, while DPR has most of the needed funds for the acquisition, it does not currently have funds to restore the existing residential structures onsite for ranger housing, and no funds for operation and maintenance. DPR remains interested in acquiring the property, so POST requested an additional grant, repayable by June 2008, to give DPR more time to resolve impediments to acquiring the property. The proposed grant would also allow POST to sell off small existing improved areas of the property to a private landowner for residential purposes (or other uses approved in advance by the Executive Officer). This option would allow POST to repay the proposed Conservancy reimbursable grant even if the property were not acquired by DPR or another public entity within three years.

The San Gregorio Farms property encompasses a 4,300-foot segment of San Gregorio Creek, which currently supports steelhead and historically supported coho salmon. The Department of Fish and Game (DFG) has identified reintroduction of coho to the San Gregorio watershed as a priority. A lagoon that is located on state park property immediately downstream from San Gregorio Farms supports the endangered tidewater goby and is one of only three estuaries in coastal San Mateo County. The riparian corridor of the creek supports populations of the endangered California red-legged frog, San Francisco garter snake, and marbled murrelet, and provides important habitat for several species of migratory, neo-tropical songbirds.

Site Description: The condition of the property remains consistent with the property description in the September 2001 staff recommendation (Exhibit 3).

Project History: See Project History in September 2001 staff recommendation (Exhibit 3).

PROJECT FINANCING:

Coastal Conservancy – total new funding	\$2,225,000
Minus Reimbursable Grant	(\$2,000,000)
Total Project Cost	\$225,000

The expected sources of Conservancy funds for this project are \$2,000,000 from the “Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002” (Proposition 50, 2004) and \$225,000 from the “California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund” (Proposition 40, 2003).

Proposition 40 provides funds for the acquisition, restoration and protection of land and water resources. Proposition 50 provides funding for projects that provide watershed protection and enhancement, and coastal water quality protection. This project will protect riparian habitat and water quality of the San Gregorio Creek watershed and adjoining coastal waters.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 8 (Sections 31350-31356) of Division 21 of the Public Resources Code, regarding reservation of significant coastal resource areas for

public use and enjoyment. Section 31350 states the Legislature’s policy of reserving for public use and enjoyment significant coastal resource sites that would otherwise be lost. Section 31351(a) directs the Conservancy to cooperate with nonprofit organizations and other public agencies to ensure reservation of property for purposes of Division 21. Section 31352(a) authorizes the Conservancy to award grants to nonprofit organizations to enable the organization to “acquire, hold, protect, or use” real property for a purpose provided in Section 31351, where the organization is “unable, due to limited financial resources or other circumstances” to undertake these activities on its own. Having invested \$3.95 million of its own private funds to purchase the property, POST intends to hold the property until it can be transferred to DPR or another appropriate public entity. POST may elect to sell small improved parcels on the property in the future so that POST can reimburse the Conservancy, if the property cannot be transferred to a public agency within three years. Consistent with Chapter 8, this Conservancy grant would enable POST to continue to protect the property while selling small fee interests as needed.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 4 Objective A**, the proposed project would support the acquisition of a property of special significance, preserving a 267-acre property in order to connect existing public lands, provide larger contiguous blocks of habitat and wildlife corridors, support regional plans on endangered species, and preserve open space.

Consistent with **Goal 5 Objective A**, the proposed project would preserve sensitive riparian habitat along San Gregorio Creek by restricting use of the property.

Consistent with **Goal 5 Objective B**, the proposed project would preserve core habitat areas to and along the coast.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy’s statutory programs and purposes:** See the “Consistency with Conservancy’s Enabling Legislation” section above.
2. **Consistency with purposes of the funding source:** See the “Project Financing” section above.
3. **Support of the public:** See letters of support attached to the September 2001 staff recommendation (Exhibit 3) and current letters of support (Exhibit 4).
4. **Location:** The proposed project would be located within the coastal zone of the County of San Mateo.
5. **Need:** If this property had not been acquired by POST, development would likely occur, impacting coastal habitat and reducing the potential for Coastal Trail access. The proposed

reimbursable grant will assist POST with continuing to protect the property while allowing additional time to transfer it to a public agency.

6. **Greater-than-local interest:** The proposed project would connect two coastal State Parks, creating a large protected area of regional and statewide importance.

Additional Criteria

7. **Resolution of more than one issue:** The project would protect riparian and coastal resources, preserve scenic views and open space and potential for public access, and preclude development by providing additional time for property transfer to a public agency.
8. **Readiness:** As discussed above, POST has already acquired the property and will pay back the proposed reimbursable grant as soon as possible and within three years. POST is ready to encumber the property with an appropriate instrument, while continuing to work with DPR to transfer the property.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project remains consistent with the previously approved September 2001 staff recommendation (Exhibit 3) and will continue to further policies of the June 1998 County of San Mateo Local Coastal Plan as described in that staff recommendation. The proposed project will protect sensitive habitat by providing and directing public access along San Gregorio Creek such that environmentally sensitive areas are avoided, scenic views are protected, and the public has access to the shoreline for recreation.

CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/ STATE WATER QUALITY CONTROL PLAN:

Although no local watershed management plan exists for the project area, the project will facilitate the restoration of fish and wildlife habitat in a coastal watershed and protect the following beneficial use objectives: riparian habitat; wildlife habitat; and protection of rare, threatened or endangered species. The San Francisco Bay Regional Water Quality Control Board's strategic plan and Watershed Management Initiative (WMI) promotes a watershed management approach for water resources protection. According to the Board, San Gregorio Creek is listed as an impaired water body for sediment due to degradation of salmonid habitat, and supports steelhead trout runs. Steelhead trout are federally-listed as threatened in central California. Coho salmon may still be present in San Gregorio Creek, and the creek basin is listed as a top priority stream in Department of Fish and Game's Coho recovery plan for streams south of the Golden Gate. Coho salmon are State-listed as endangered (south of the Golden Gate) and federally-listed as threatened in central California.

COMPLIANCE WITH CEQA:

The proposed project remains consistent with the discussion of the California Environmental Quality Act in the September 2001 staff recommendation (Exhibit 3), which stated that the acquisition is exempt.